

RICHARD J. DURBIN

ILLINOIS

ASSISTANT MAJORITY LEADER

COMMITTEE ON APPROPRIATIONS

COMMITTEE ON FOREIGN RELATIONS

COMMITTEE ON THE JUDICIARY

COMMITTEE ON RULES
AND ADMINISTRATION

United States Senate
Washington, DC 20510-1304

July 22, 2014

Gregory D. Wasson
President and Chief Executive Officer
108 Wilmot Road
Deerfield, IL 60015

Dear Mr. Wasson:

Recent reports indicate that Walgreens plans to buy the remaining 55 percent stake in Swiss-based retailer and wholesaler Alliance Boots so it can claim domicile abroad and dodge U.S. taxes. Given how much of Walgreens' revenue comes from U.S. taxpayers and how much U.S. taxpayer-funded infrastructure Walgreens relies on to support its business, I strongly urge you and the board of directors to reconsider this move.

Walgreens has been in Illinois for its entire 113-year history. Its stores are a staple in our communities. Families have come to rely on the many goods and services available in your stores, including access to prescription and over-the-counter medication.

Customers have many choices about where to shop and where to have their prescriptions filled. I believe you will find that your customers are deeply patriotic and will not support Walgreen's decision to turn its back on the United States. Nearly all of your \$2.5 billion in profits earned last year were from sales to U.S. taxpaying customers.

Walgreens could dodge an estimated nearly \$4 billion in taxes over the next 5 years, if your company inverts. I recognize that potential windfall in profit is an attractive option for shareholders. On the other hand, much of Walgreens financial success was built on programs and infrastructure provided by the U.S. government and paid for by U.S. taxpayers. The future success of Walgreens will continue to depend on U.S. taxpayers and government-funded programs, yet Walgreens will be using a clever tax dodge to avoid paying \$4 billion in U.S. taxes.

Further, it is not clear to me how you can in good conscience build a profitable company using these public assets and then organize your financial holdings specifically to avoid paying taxes on those profits.

Nearly 25 percent of Walgreens profits were from U.S.-funded Medicare and Medicaid programs. Walgreens uses taxpayer-supported transportation infrastructure to stock its stores and deliver its products. Your company benefits from our country's investment climate and educated workforce, and you and your fellow executives have benefited from tax breaks on compensation packages. If you and Walgreens' board of directors decide to invert to avoid U.S.

taxes, you will be turning your backs on the very people that have allowed Walgreens to thrive and prosper.

I strongly urge you and the Board of Directors to reconsider your decision to move the company's domicile overseas to avoid U.S. taxes. Surely, you and the board must recognize that your company's continued commitment to America would be good for Walgreens' bottom line.

Is "the corner of happy and healthy" somewhere in the Swiss Alps?

Sincerely,

A handwritten signature in dark ink, appearing to read "Rich Durbin". The signature is fluid and cursive, with the first name "Rich" and last name "Durbin" clearly distinguishable.

Richard J. Durbin
U.S. Senator

Cc: Board of Directors
James A. Skinner, McDonald's Corporation
Greg D. Wasson, Walgreen Co.
Janice M. Babiak, Ernst & Young LLP
David J. Brailer, MD, Health Evolution Partners
Steven A. David, Bob Evans Farms Inc.
William C. Foote, USG Corporation
Mark P. Fissora, Hertz Global Holdings, Inc. and the Hertz Corporation
Ginger L. Graham, Two Trees Consulting
Alan G. McNally, Harris Financial Corporation
Dominic Murphy, Kohlberg Kravis Roberts & Co. LLP
Stefano Pessina, Alliance Boots GmbH
Nancy M. Schlichting, Henry Ford Health System
Alejandro Silva, Evans Food Group, Inc.